

The Oregon Community Foundation's Giving in Oregon Survey: 2007-2008 Update

February 18, 2009

Recession Impact: Demand for Nonprofit Services up 16% and Nonprofits are worried about the Future

Overview

- Survey of 113 nonprofit organizations shows that on average, demand for services is up 16% since July 2008. Demand for services from Social Services & Youth Development organizations is up most sharply, at a 27% increase.
- Private giving to the nonprofits surveyed declined in 2008 compared to 2007 for more than half of the organizations surveyed.
- Nonprofits report that corporate giving and large individual donations have declined.
- Oregonians who are able to give are doing so. Many organizations indicated that although total giving declined or held steady, they see more donors giving smaller amounts.

Background & Methods

The Oregon Community Foundation (OCF) surveyed selected nonprofit organizations to learn about changes in the pace of private giving between 2007 and 2008 and changes in demand for services since July 2008.

Using its database of grantees, OCF selected 169 organizations to survey. Nonprofits were selected to ensure participation from both small grassroots and large sophisticated organizations that work in a range of program areas. Annual operating budgets ranged from \$0 to \$97 million.¹ About 28% of the organizations invited to participate in the survey serve the Portland Metropolitan Region, 16% serve the Willamette Valley, and the rest of the organizations serve other regions of the state or the entire state. Twenty-five percent of the organization surveyed were coded as Social Services & Youth Development, 22% Education, 18% Community Benefit, 18% Basic Needs and 17% Arts and Culture²

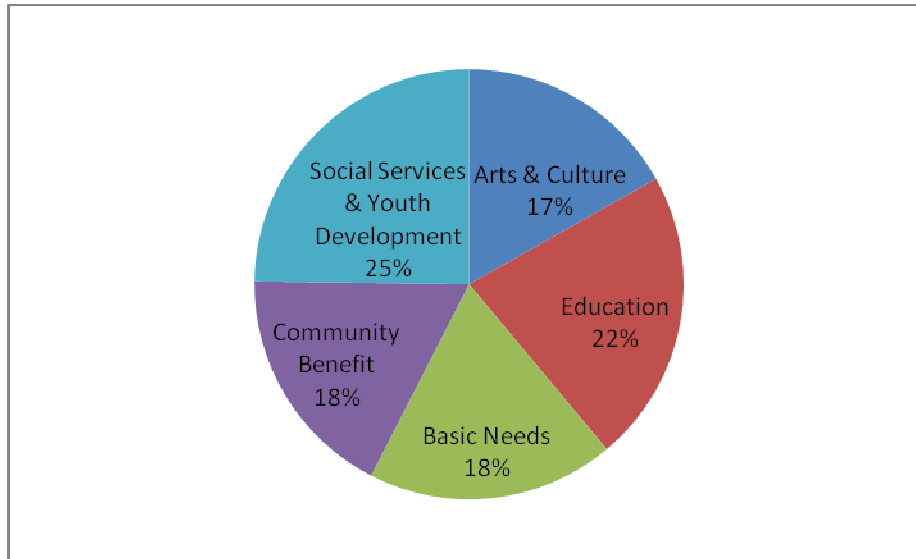
The survey was conducted by mail and email between January 20 and February 13, 2009. One hundred and thirteen of the 169 organizations invited to participate responded to the survey, a 67% response rate.

¹ One organization reported an annual operating budget of \$0. The next smallest reported was \$5,000.

² Community Benefit includes environmental organizations, community foundations, and organizations that focus on increasing voluntarism. Basic Needs organizations include organizations that provide food, shelter, and domestic violence services. Organizations that provide health care services are classified as Social Services & Youth Development organizations. The Education category includes K-12 and higher education organizations as well as libraries.

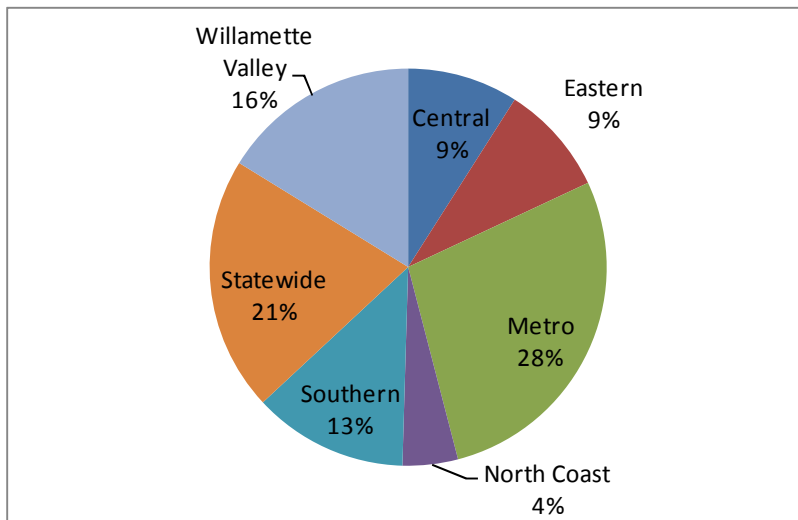
The most responses received were from Social Services & Youth Development organizations (28) and the fewest responses were from Arts & Culture organizations (19). Chart 1 shows the distribution of surveys received by program area.

Chart 1: Survey Responses by Program Area



Nonprofit organizations that serve residents of every county in Oregon responded to the survey. Chart 2 illustrates the distribution of responses by region:

Chart 2: Survey Responses by Region Served by Nonprofit



Findings

Private Giving:

Of the organizations that responded to the survey, a majority (51%) reported that private contributions were lower in 2008 than in 2007.³ Changes in giving ranged from a decline of almost \$3 million for one organization to an increase of almost \$1.3 million for another organization. In addition, one large nonprofit reported an extremely large decline in giving explained primarily by the timing of a fundraising campaign.

Of the organizations that reported a decline in giving, about 26% said that extraordinary factors, such as a one-time major gift or a campaign kickoff in 2007, led to the decrease. Similarly, about 24% of organizations that reported an increase in giving from 2007 or 2008 suggested that a one-time gift or growth in the size of the organization's development staff in 2008 could explain the increase.⁴

Table I below shows the number of survey respondents that reported increases and decreases in private contributions in 2008 compared with 2007 by program area.

Table I: Number of Survey Respondents that Reported Increases and Decreases in Private Contributions in 2008 compared with 2007, by Program Area⁵

Program Area	Giving Increased	Giving Decreased
Arts and Culture	11	8
Education	9	12
Basic Needs	9	15
Community Benefit	10	9
Social Services & Youth Development	14	13

A few findings about the pace of private giving stand out:

- Almost two-thirds of Basic Needs organizations said that giving has declined. Twenty-four Basic Needs organizations responded to the survey. Of these 24, about half (12) indicated that private giving was down in 2008 while less than half (9) said that giving was up. The data suggests that some Basic Needs organizations have seen a significant increase in private giving: of the 9 organizations that reported increases, 3 represented an increase of 100% or more over the organization's 2007 giving.

³ Three organizations reported contributions for a fiscal year rather than a calendar year. This analysis does not include contributions reported by these three organizations.

⁴ The analysis in this report includes data reported by organizations even when it is likely that an extraordinary factor influenced contribution levels.

⁵ This table includes responses from organizations that indicated extraordinary factors, such as capital campaigns or the timing of a single large gift, affected the donations received in 2007 or 2008.

- Contributions to most of the Arts & Culture organizations that responded to the survey held steady or increased. Of the 19 Arts & Culture organizations that responded to the survey, 11 reported increases in giving while 8 indicated that giving decreased. Moreover, 8 of the 19 respondents saw contributions increase or decrease less than 6%. Most of the arts organizations that responded to the survey were relatively small. Sixteen of the 19 arts organizations reported annual operating budgets below \$4 million; 8 of the 19 reported annual operating budgets below \$1.5 million.

As Table 2 illustrates, in most regions roughly equal proportions of nonprofits reported increases and decreases in giving in 2008 compared with 2007. However, more than twice as many organizations that said they serve the entire state (“Statewide”) reported decreased donations as those that reported increases. On the other hand, 8 of the 10 Eastern Oregon nonprofit organizations that responded reported increased giving.

Table 2: Number of Survey Respondents Reporting Increases and Decreases in Private Contributions in 2008 compared with 2007, by Region⁶

	Giving Increased	Giving Decreased
Central	7	5
Eastern	8	2
Metro	16	14
North Coast	1	4
Southern	7	7
Willamette Valley	8	10
Statewide	6	15

Demand:

About 51% of survey respondents reported that demand for their nonprofit’s services increased in the second half of 2008; about 45% said that demand stayed about the same.

About twice as many Basic Needs, Social Services & Youth Development, and Community Benefit organizations reported that demand has increased rather than stayed the same since July 2008. On the other hand, only 4 of the Arts & Culture organizations that responded to the survey indicated that demand increased while 14 Arts & Culture organizations said that demand has stayed the same. Four organizations that responded to the survey reported decreased demand, including 2 Social Services & Youth Development organizations, 1 Arts & Culture nonprofit, and 1 Basic Needs organization.

⁶ This table includes responses from organizations that indicated extraordinary factors, such as capital campaigns or the timing of a single large gift, affected the donations received in 2007 or 2008.

On average:

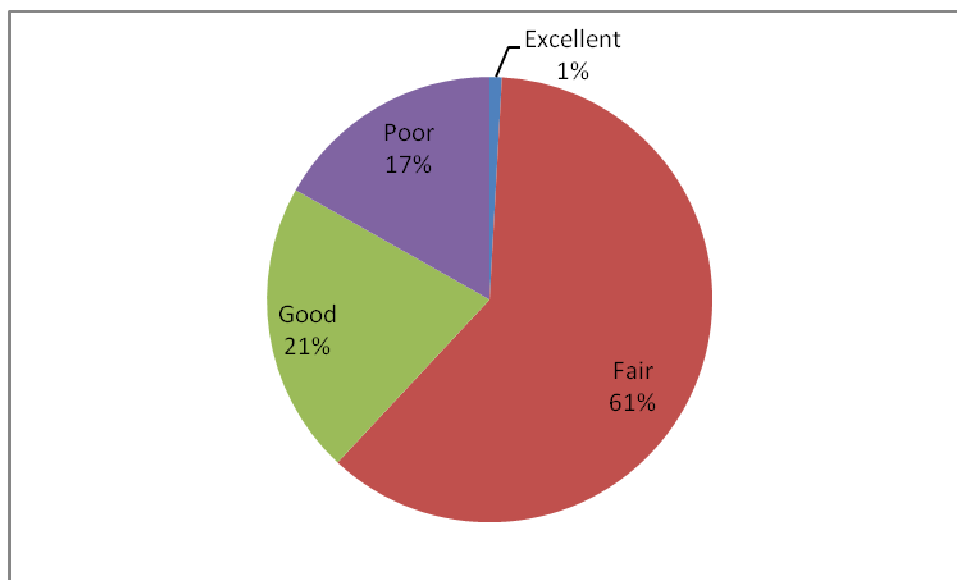
- Arts and Culture organizations reported an increase in demand of 1%.
- Basic Needs organizations reported an increase in demand of 21%.
- Education organizations reported an increase in demand of 14%.
- Community Benefit organizations report an increase in demand of 16%.⁷
- Social Services and Youth Development organizations report an increase in demand of 27%.

In total, organizations that responded to the survey reported that the demand for their services has increased an average of 16% since July 2008.

Attitudes:

As chart 3 illustrates, the majority of the survey respondents reported that they believe the climate for charitable giving in Oregon today is fair.

Chart 3: In your opinion, what is the climate for charitable giving in Oregon today?



Many respondents pointed to the negative effect of the economy on their fundraising efforts. For example, several respondents said that their individual donors are feeling the effects of the economy and cutting back on their giving. Others hypothesized that the mood of the economy

⁷ One outlier omitted from average.

is impacting their work; for example, one Arts & Culture organization said that it has noticed decreased ticket sales for the past few months.

Survey responses indicate that nonprofits are particularly worried about corporate donations and some gifts from individuals. Individual gifts are mixed as donors cut back or delay their philanthropic plans. Several comments suggest that nonprofits have relied on foundation grants in the past few months and they worry that these sources of funds will also deteriorate. One nonprofit wrote, “We have seen a significant drop in individual and corporate giving in the last quarter of 2008. Foundation revenue remained strong, but now we're seeing signs that foundations are cutting back as well.” Others commented that foundation grants have become more competitive.

However, other nonprofit staff said that even though they know the economy is hurting donors, it is also inspiring donors – particularly the less-than-wealthy - to give. One respondent wrote, “compassion will drive more donations by more people of smaller amounts.”

Implications:

OCF and the Giving in Oregon Council decided to survey nonprofits now because of worries about the impact of the recession on nonprofit organizations, both in terms of increased demand for services and declining private giving. The survey findings suggest several implications:

- **For demand for nonprofit services in 2009 and 2010** – Respondents to this survey report an increase in demand for services of 16% since July 2008. We expect that this dramatic increase in demand will track the economy’s recovery or further decline.
- **For giving in 2009 and 2010** - In 2008, the recession started to negatively impact some sources of giving: over half of organizations surveyed indicated that contributions were lower in 2008 than in 2007. However, it is too early to tell how deeply the economic downturn will hurt Oregon’s nonprofit sector. As one respondent wrote, “[the climate for charitable giving is] fair in 2009, but I am deeply concerned it will be worse in 2010.”
- **For successful fundraising in 2009 and 2010** – Although survey responses indicate that corporate donations have plummeted while large donations from individuals are on pause, there is evidence that Oregonians are be ready and willing to support nonprofit organizations through the economic downturn. Several survey respondents indicated that while individuals are providing, on average, smaller donations, the total number of donations has increased. Organizations that are able to access the

willingness of individuals to give what they can may be best positioned to weather this economic storm.

-For understanding the impact of this recession on Oregon's nonprofit sector

– This survey is limited in its capacity to understand the complex effects of the recession giving and receiving help in our state. Since this survey tracked private contributions received by nonprofits in calendar years 2008 and 2007, the findings blend results from third and fourth quarter fundraising in 08 with contributions during the year's economically healthier first and second quarters. Additional research will be needed as we learn about the depth of the current recession and recovery.